

# Financial Results for 2Q of FY3/19 & Forecasts for FY3/19

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Nov. 2018



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【Disclaimer】

This documents contains forward-looking statements. These statements are not guaranteed of future performance and involve risks and uncertainties and actual results may materially differ from those contains in the forward-looking statements as a result of various factors.

# Orders Received for 2Q of FY3/19 (Non-Consolidated)



- Domestic Civil Engineering: Orders received in public sector remained steady.
- Domestic Building Construction: Orders received both in public and private sector remained steady, despite a reactionary drop reflecting the amount of the large-scale projects in private sector for the same period of the previous year.
- Overseas: Received orders grew steadily in an optimum balance between civil engineering and building construction, generally in line with full-year targets.

		FY3/18 2Q	FY3/19 2Q	Change fm FY3/18 2Q	YoY	(JPY bn)		
						FY3/18	FY3/19 (Forecast)	Achievement ratio
Domestic Civil Engineering	Public Sector	59.4	65.9	6.6	11.0%	120.5	130.0	50.7%
	Private Sector	20.3	15.4	-4.8	-23.8%	46.3	40.0	38.6%
	Total	79.7	81.4	1.7	2.2%	166.8	170.0	47.9%
Domestic Building Construction	Public Sector	4.2	10.0	5.8	139.2%	15.6	15.0	66.6%
	Private Sector	92.6	75.3	-17.3	-18.7%	184.9	155.0	48.6%
	Total	96.8	85.3	-11.5	-11.9%	200.5	170.0	50.2%
Overseas	Civil Engineering	189.5	68.9	-120.7	-63.7%	298.4	100.0	68.9%
	Building	2.2	46.5	44.3	1977.7%	2.2	50.0	93.0%
	Total	191.8	115.4	-76.4	-39.8%	300.6	150.0	76.9%
	Civil Engineering	269.2	150.2	-118.9	-44.2%	465.2	270.0	55.6%
	Building Construction	99.0	131.8	32.8	33.1%	202.7	220.0	59.9%
	Construction Total	368.2	282.1	-86.1	-23.4%	667.9	490.0	57.6%
Real Estates and Others		0.3	0.1	-0.2	-56.8%	0.7	1.0	14.5%
Total		368.5	282.2	-86.3	-23.4%	668.6	491.0	57.5%

# Proportion of Orders Received Results (Non-Consolidated)

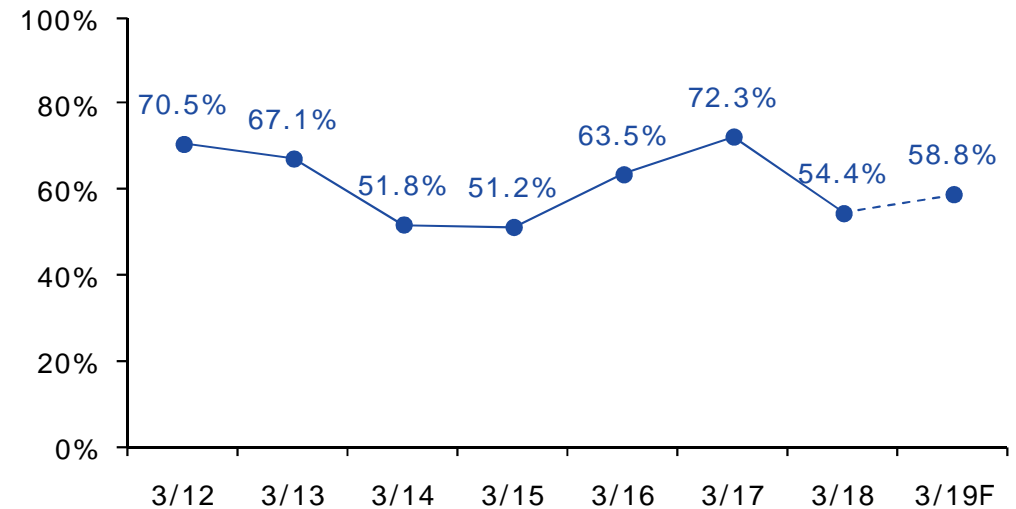


## Domestic Civil Engineering

(JPY bn)

		FY3/16	FY3/17	FY3/18	FY3/19		
		Result	Result	Result	FY3/19 (Forecast)	FY3/19 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	114.9	113.4	120.5	130.0	65.9	50.7%
	Private Sector	38.3	74.0	46.3	40.0	15.4	38.6%
	Total	153.2	187.4	166.8	170.0	81.4	47.9%
	Proportion of Private Sector	25.0%	39.5%	27.8%	23.5%	19.0%	-
Proportion of Marine & Land	Marine Civil Engineering	97.2	135.4	90.7	100.0	47.5	47.5%
	Land Civil Engineering	56.0	52.0	76.1	70.0	33.8	48.4%
	Total	153.2	187.4	166.8	170.0	81.4	47.9%
	Proportion of Marine Civil	63.5%	72.3%	54.4%	58.8%	58.4%	-

### Marine Civil Portion

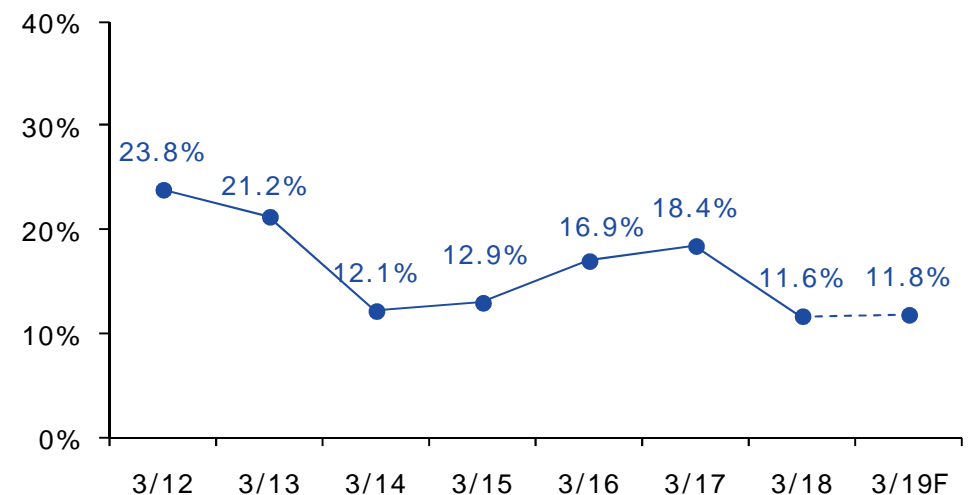


## Domestic Building Construction

(JPY bn)

		FY3/16	FY3/17	FY3/18	FY3/19		
		Result	Result	Result	FY3/18 (Forecast)	FY3/19 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	17.9	46.0	15.6	15.0	10.0	66.6%
	Private Sector	127.2	130.2	184.9	155.0	75.3	48.6%
	Total	145.1	176.2	200.5	170.0	85.3	50.2%
	Proportion of Private Sector	87.6%	73.9%	92.2%	91.2%	88.3%	-
Proportion of Residential & Non-Residential	Residential	24.6	32.4	23.3	20.0	4.1	20.3%
	Non-Residential	120.5	143.8	177.2	150.0	81.3	54.2%
	Total	145.1	176.2	200.5	170.0	85.3	50.2%
	Proportion of Residential	16.9%	18.4%	11.6%	11.8%	4.8%	-

### Residential Portion



# Business Results for 2Q of FY3/19



(JPY bn)

- Net income increased for the sixth consecutive quarter both on consolidated/ non-consolidated bases -

## ■ Non-Consolidated

● Net Sales: JPY232.4 bn (YoY -JPY4.5 bn)

- Domestic Civil Engineering: Increase due to the steady progress of marine civil projects
- Domestic Building Construction: Increase due to the steady progress of numerous ongoing projects
- Overseas: Decrease due to the lower amount of contract backlog for construction projects at the beginning of the quarter

● Total Gross Profit: JPY21.7 bn (YoY +JPY1.6 bn)

- Domestic Civil Engineering: Increase due to the higher number of completed construction contracts
- Domestic Building Construction: Maintained a certain level despite higher material costs
- Overseas: Increase due to improved profit margin

● SG&A: JPY7.8 bn (YoY +JPY0.1 bn)

● Operating Income: JPY13.8 bn (YoY +JPY1.5 bn)

● Ordinary Income: JPY13.9 bn (YoY +JPY1.2 bn)

● Net Income: JPY10.0 bn (YoY +JPY0.8 bn)

## ■ Consolidated

● Net Sales: JPY244.5 bn (YoY -JPY6.3 bn)

● Total Gross Profit: JPY23.6 bn (YoY +JPY1.8 bn)

Owing to the increased profits of the Non-consolidated performances

● Operating Income: JPY15.1 bn (YoY +JPY1.7 bn)

● Ordinary Income: JPY15.1 bn (YoY +JPY1.4 bn)

● Net Income: JPY10.9 bn (YoY +JPY1.0 bn)

	Non-Consolidated						Consolidated					
	FY3/18 2Q		FY3/19 2Q		Changes from FY3/18 2Q		FY3/18 2Q		FY3/19 2Q		Changes from FY3/18 2Q	
Domestic Civil Engineering	80.2		84.8		4.6		85.8		90.5		4.7	
Domestic Building Construction	65.1		76.2		11.1		67.1		77.5		10.4	
Overseas	91.3		71.2		-20.0		93.8		72.1		-21.6	
Construction Total	236.5		232.2		-4.3		246.6		240.1		-6.5	
Real Estates	0.3		0.1		-0.2		0.3		0.1		-0.2	
Others							3.9		4.3		0.4	
Net Sales	236.9		232.4		-4.5		250.8		244.5		-6.3	
Domestic Civil Engineering	9.9	12.4%	10.9	12.9%	1.0	0.5p	10.6	12.4%	11.4	12.6%	0.8	0.2p
Domestic Building Construction	7.7	11.8%	6.7	8.8%	-1.0	-3.0p	7.9	11.8%	6.9	8.9%	-1.1	-3.0p
Overseas	2.6	2.9%	4.3	6.0%	1.7	3.1p	2.7	2.9%	4.4	6.1%	1.7	3.2p
Gross Profit on Construction	20.2	8.5%	21.9	9.4%	1.7	0.9p	21.3	8.6%	22.7	9.5%	1.4	0.8p
Real Estates	-0.1	-41.1%	-0.2	-160.9%	-0.1	-119.8p	-0.1	-51.0%	-0.2	-299.7%	-0.1	-248.7p
Others							0.7	17.2%	1.1	26.3%	0.5	9.0p
Total Gross Profit	20.1	8.5%	21.7	9.3%	1.6	0.9p	21.8	8.7%	23.6	9.7%	1.8	1.0p
SG & A	7.7	3.3%	7.8	3.4%	0.1	0.1p	8.4	3.4%	8.5	3.5%	0.1	0.1p
Domestic Civil Engineering	5.8	7.2%	6.6	7.8%	0.9	0.7p	6.2	7.2%	6.9	7.7%	0.7	0.4p
Domestic Building Construction	5.0	7.6%	3.9	5.1%	-1.1	-2.5p	5.1	7.7%	4.0	5.2%	-1.1	-2.5p
Overseas	1.8	2.0%	3.5	5.0%	1.7	3.0p	1.8	2.0%	3.6	4.9%	1.7	3.0p
Real Estates and Others	-0.2	-49.1%	-0.3	-177.9%	-0.1	-128.9p	0.3	6.1%	0.6	13.8%	0.3	7.6p
Operating Income	12.4	5.2%	13.8	6.0%	1.5	0.7p	13.4	5.4%	15.1	6.2%	1.7	0.8p
Non-Operating Income/Expenses	0.3		0.0		-0.2		0.3		-0.0		-0.3	
Ordinary Income	12.6	5.3%	13.9	6.0%	1.2	0.6p	13.7	5.5%	15.1	6.2%	1.4	0.7p
Extraordinary Income/Expenses	0.0		0.0		-0.0		0.1		0.0		-0.1	
Income before Taxes	12.7	5.3%	13.9	6.0%	1.2	0.6p	13.8	5.5%	15.1	6.2%	1.3	0.7p
Net Income	9.2	3.9%	10.0	4.3%	0.8	0.4p	9.9	3.9%	10.9	4.4%	1.0	0.5p

	FY3/18		FY3/19 2Q		Changes from FY3/18		FY3/18		FY3/19 2Q		Changes from FY3/18	
Total Assets	406.4		408.5		2.2		418.4		421.4		2.9	
Net Assets	100.3	24.7%	106.9	26.2%	6.6	1.5p	112.0	26.8%	119.6	28.4%	7.6	1.6p
Interest-bearing Debt	65.8	16.2%	76.9	18.8%	11.1	2.6p	67.5	16.1%	78.6	18.7%	11.1	2.5p
Cash and Deposits	60.2		51.5		-8.6		65.7		58.8		-6.9	
Net Debt	5.7	1.4%	25.4	6.2%	19.7	4.8p	1.8	0.4%	19.8	4.7%	18.0	4.3p

# Business Forecasts for FY3/19



(JPY bn)

	Non-Consolidated										Consolidated									
	2Q					Entire term					2Q					Entire term				
	FY3/18 2Q		FY3/19 2Q		Change fm FY3/18 2Q		FY3/18		FY3/19 Forecast		FY3/18 2Q		FY3/19 2Q		Change fm FY3/18 2Q		FY3/18		FY3/19 Forecast	
Domestic Civil Engineering	80.2		84.8		4.6		172.0		185.0		85.8		90.5		4.7		182.5		195.0	
Domestic Building Construction	65.1		76.2		11.1		136.4		190.0		67.1		77.5		10.4		140.0		195.0	
Overseas	91.3		71.2		-20.0		190.1		165.0		93.8		72.1		-21.6		195.0		170.0	
Construction Total	236.5		232.2		-4.3		498.4		540.0		246.6		240.1		-6.5		517.5		560.0	
Real Estates and Others	0.3		0.1		-0.2		0.7		1.0		4.2		4.4		0.2		9.4		10.0	
Net Sales	236.9		232.4		-4.5		499.2		541.0		250.8		244.5		-6.3		526.9		570.0	
Domestic Civil Engineering	9.9	12.4%	10.9	12.9%	1.0	0.5p	21.5	12.5%	21.0	11.4%	10.6	12.4%	11.4	12.6%	0.8	0.2p	22.8	12.5%	22.3	11.4%
Domestic Building Construction	7.7	11.8%	6.7	8.8%	-1.0	-3.0p	13.4	9.8%	16.0	8.4%	7.9	11.8%	6.9	8.9%	-1.1	-3.0p	13.9	9.9%	16.5	8.5%
Overseas	2.6	2.9%	4.3	6.0%	1.7	3.1p	5.8	3.0%	5.9	3.6%	2.7	2.9%	4.4	6.1%	1.7	3.2p	6.0	3.1%	6.0	3.5%
Gross Profit on Construction	20.2	8.5%	21.9	9.4%	1.7	0.9p	40.7	8.2%	42.9	7.9%	21.3	8.6%	22.7	9.5%	1.4	0.8p	42.7	8.2%	44.8	8.0%
Real Estates and Others	-0.1	-41.1%	-0.2	-160.9%	-0.1	-119.8p	0.0	5.2%	0.1	10.0%	0.5	12.7%	0.9	20.6%	0.4	7.8p	2.3	24.2%	2.2	22.0%
Total Gross Profit	20.1	8.5%	21.7	9.3%	1.6	0.9p	40.7	8.2%	43.0	7.9%	21.8	8.7%	23.6	9.7%	1.8	1.0p	44.9	8.5%	47.0	8.2%
SG & A	7.7	3.3%	7.8	3.4%	0.1	0.1p	15.9	3.2%	17.0	3.1%	8.4	3.4%	8.5	3.5%	0.1	0.1p	17.3	3.3%	18.5	3.2%
Domestic Civil Engineering	5.8	7.2%	6.6	7.8%	0.9	0.7p	13.0	7.5%	12.0	6.5%	6.2	7.2%	6.9	7.7%	0.7	0.4p	13.7	7.5%	12.6	6.5%
Domestic Building Construction	5.0	7.6%	3.9	5.1%	-1.1	-2.5p	7.8	5.7%	10.0	5.3%	5.1	7.7%	4.0	5.2%	-1.1	-2.5p	8.1	5.8%	10.3	5.3%
Overseas	1.8	2.0%	3.5	5.0%	1.7	3.0p	4.0	2.1%	4.0	2.4%	1.8	2.0%	3.6	4.9%	1.7	3.0p	4.1	2.1%	4.1	2.4%
Real estates and others	-0.2	-49.1%	-0.3	-177.9%	-0.1	-128.9p	-0.0	-1.3%	0.0	0.0%	0.3	6.1%	0.6	13.8%	0.3	7.6p	1.7	17.9%	1.5	15.0%
Operating Income	12.4	5.2%	13.8	6.0%	1.5	0.7p	24.8	5.0%	26.0	4.8%	13.4	5.4%	15.1	6.2%	1.7	0.8p	27.6	5.2%	28.5	5.0%
Non-Operating Income/Expenses	0.3		0.0		-0.2		-1.9		-1.0		0.3		-0.0		-0.3		-1.9		-1.0	
Ordinary Income	12.6	5.3%	13.9	6.0%	1.2	0.6p	22.9	4.6%	25.0	4.6%	13.7	5.5%	15.1	6.2%	1.4	0.7p	25.7	4.9%	27.5	4.8%
Extraordinary Income/Expenses	0.0		0.0		-0.0		-0.4		-1.0		0.1		0.0		-0.1		-0.4		-1.0	
Income before Taxes	12.7	5.3%	13.9	6.0%	1.2	0.6p	22.5	4.5%	24.0	4.4%	13.8	5.5%	15.1	6.2%	1.3	0.7p	25.3	4.8%	26.5	4.6%
Net Income	9.2	3.9%	10.0	4.3%	0.8	0.4p	15.8	3.2%	16.0	3.0%	9.9	3.9%	10.9	4.4%	1.0	0.5p	17.8	3.4%	18.0	3.2%
	FY3/18		FY3/19 2Q		Change fm FY3/18		FY3/18		FY3/19 Forecast		FY3/18		FY3/19 2Q		Change fm FY3/18		FY3/18		FY3/19 Forecast	
Total Assets	406.4		408.5		2.2		406.4		390.0		418.4		421.4		2.9		418.4		405.0	
Net Assets	100.3	24.7%	106.9	26.2%	6.6	1.5p	100.3	24.7%	112.3	28.8%	112.0	26.8%	119.6	28.4%	7.6	1.6p	112.0	26.8%	126.0	31.1%
Interest-bearing Debt	65.8	16.2%	76.9	18.8%	11.1	2.6p	65.8	16.2%	58.0	14.9%	67.5	16.1%	78.6	18.7%	11.1	2.5p	67.5	16.1%	60.0	14.8%
Cash and Deposits	60.2		51.5		-8.6		60.2		27.0		65.7		58.8		-6.9		65.7		32.5	
Net Debt	5.7	1.4%	25.4	6.2%	19.7	4.8p	5.7	1.4%	31.0	7.9%	1.8	0.4%	19.8	4.7%	18.0	4.3p	1.8	0.4%	27.5	6.8%

## Efficient fund procurement

- Improving cash flow management on construction projects in and out of Japan
- Diversifying fund procurement measures

## Foreign exchange risk management

- Boosting the number of overseas projects at hand, and expansion
- Alleviating foreign exchange risks, by hedging the risks in an appropriate and timely manner

## Payment condition improvement for subcontractors

- Has stipulated cash payment to the subcontractors, instead of bill payment since FY3/18
- Will affect the cash flow from operations until FY3/19, which costs JPY52 bn in 2 years
- Strengthening the partnerships with the subcontractors, by improving the payment condition

## Capital policies

- Improving the Equity ratio
  - Increasing the periodic profits steadily
  - Target of Equity Ratio for FY3/20: 30% or higher
  - Expected to accomplish the Equity Ratio of 30% in FY3/19
- Dividends payout ratio
  - Aiming at capital adequacy and capital investment, and profit return in an appropriate and secure manner
  - Target payout ratio on a consolidated basis: 20 to 25% → **25 to 30% from FY3/19**
    - Term end dividend of FY3/18: JPY14 (up JPY2 compared to the forecast at the beginning of the quarter)
    - Term end dividends for FY3/19: JPY18 (Dividend payout ratio forecast: 28.6%)

## Balance of interest-bearing debt

(JPY bn)

	3/17	Mid-term Management Plan (May 2018)		
		3/18	3/19F	3/20F
<b>Consolidated</b>				
Cash flow from operations	31.3	3.4	-11.0	25.0
Cash flow from investment	-9.1	-13.1	-11.0	-8.0
Cash flow from financing	-15.5	4.1	-11.5	-5.5
Balance of cash and deposit	72.5	65.7	32.5	44.0
Balance of debt with interest	59.7	67.5	60.0	60.0
(Change from the previous year)	-14.5	7.8	-7.5	0.0
<b>Non-Consolidated</b>				
Balance of cash and deposit	64.4	60.2	27.0	37.0
Balance of debt with interest	58.0	65.8	58.0	58.0
(Change from the previous year)	-14.5	7.8	-7.8	0.0

## Dividend per share, Dividends payout ratio, and Equity ratio on a consolidated basis

	3/14	3/15	3/16	3/17	3/18	3/19F
Dividend per share (Yen)	2.0	4.0	6.0	12.0	14.0	18.0
Dividend payout ratio (%)	15.2	18.5	22.0	22.5	22.5	28.6
Equity ratio (%)	22.3	21.0	21.3	25.9	26.7	31.1

# Shareholder Composition

- Issued common stock: 286,013,910, including 209,610 of the treasury stocks
- Number of shareholders: 32,626 (up 1,436 from Mar. 2018)
- Shareholder composition: Domestic institutional investors, etc 38.2% (up 3.9p), Foreign institutional investors, etc 27.8% (down 5.6p), Individual owners 19.7% (up 1.1p), Financial institutions 11.8% (unchanged), Other domestic corporations 2.6% (up 0.6p) → Institutional investors in and out of Japan 65.9% (down 1.7p)

## Top 10 shareholders

As of 30 Sep. 2018

Name of shareholders	Shares held (in thousands)	Voting right ratio(%)
Japan Trustee Service Bank, Ltd. (Trust account)	40,284	14.1
The Master Trust Bank of Japan, Ltd. (Trust account)	24,662	8.6
Mizuho Bank, Ltd.	7,059	2.5
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,763	2.4
Meiji Yasuda Life Insurance Company	6,656	2.3
Japan Trustee Service Bank, Ltd. (Trust account 5)	5,192	1.8
JUNIPER	5,072	1.8
Sompo Japan Nipponkoa Insurance Inc.	4,280	1.5
JP Morgan Chase Bank 385151	4,220	1.5
STATE STREET BANK AND TRUST COMPANY 505103	4,175	1.5
<b>Total held by top 10 shareholders</b>	<b>108,367</b>	<b>37.9</b>

